THE Freeman

IDEAS ON LIBERTY

OCTOBER 1964

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PRODUCTION VERSUS CONSUMPTION

GEORGE REISMAN

NOTHING unites the economic philosophy of the twentieth century more closely with that of the seventeenth century and separates it more widely from that of the nineteenth century than this: In the nineteenth century economists identified the fundamental problem of economic life as production. Implicitly or explicitly, they perceived the base both of economic activity and economic theory in the fact that man's life and well-being depend on the production of wealth. Man's nature makes him need wealth; his simplest perceptions make him desire it; the problem, they held, is to produce it. Economic theory, therefore, could take for granted the desire to consume, and focus on the ways and means by which production might be increased.

In the twentieth century, economists have returned to the directly opposite view. Instead of the problem being how continuously to expand production in the face of a limitless desire for wealth resulting from the limitless possibilities of improvement in the satisfaction of man's needs, the problem is imagined to be how to expand the desire to consume so that consumption may be adequate to production. Economic theory in the twentieth century takes production for granted and focuses on the ways and means by which consumption may be increased. It proceeds as though the problem of economic life were not the production of wealth, but the production of consumption.

These two diametrically opposed and mutually exclusive basic premises about the fundamental problem of economic life play the same role in economic theory as do conflicting metaphysics in philosophy. Point for

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point, they result either in opposite conclusions or in the advancement of opposite reasons for the same conclusion. So thoroughly and fundamentally do they determine economic theory that they give rise to two completely different systems of economic thought.

Two Views of Employment

If one is on the nineteenth century, productionist premise, one realizes first of all that there is no such thing as a problem of "creating jobs." There is a problem of creating *remunerative* jobs, but not jobs. At all times, the productionist holds, there is as much work to be done – as many potential jobs to be filled – as there are unsatisfied human desires which could be satisfied with a greater production of wealth; and as these desires are limitless, the amount of work to be done – the number of potential jobs to be filled – is also limitless. The employment of more and better machinery, therefore, argues the productionist, does not cause unemployment. It merely allows men, to the extent that they do not prefer leisure, to produce more and thus to provide for their needs more fully and in a better way. Nor does the working of longer hours or the employment of women, children, foreigners, people of minority races or religions deprive anyone of employment. It simply makes possible an expansion of production.

If one is on the twentieth century, consumptionist premise, one takes another view of machinery and the employment of more people. One regards every expansion of production as a threat to some portion of what is already being produced. One imagines that production is limited by the desire to consume. One fears that this desire may be deficient and, therefore, that an expansion of production in any one segment must force a contraction of production in some other segment. Hence, one fears that the work performed by machines leaves less work to be performed by people, that the work performed by women leaves less work to be performed by men, that the work performed by children leaves less to be performed by adults, that the work performed by Jews leaves less to be performed by Christians, that the work performed by blacks leaves less to be performed by whites, and that the extra work of some means a deficiency of work available for others.

Neither the productionist nor the consumptionist desires long hours or child labor. Here, to this extent, both reach the same conclusion. But their reasons are completely different. The latter

does not desire them because he thinks the problem is what to do with the resulting products, unless other products are to cease being produced and other workers are to become unemployed. The former does not desire them because he attaches no value to fatigue or premature exertion. The problem, in the eyes of the productionist, is not what to do with the additional products produced by longer hours or by child labor – only the intense need for the additional products calls forth this additional labor – but how to raise the productivity of labor to the point that people can afford to have time for leisure and to dispense with the labor of their children.

Wealth Through Scarcity!

Because he imagines production to be limited by the desire to consume, rather than consumption being limited by the ability to produce, the consumptionist values not wealth, but the *absence* of wealth. For example, he imagines that the relative absence of houses, automobiles, television sets, and refrigerators in Europe is an asset of the European economy because it represents a large supply of unused consumer desire, thereby supposedly ensuring a strong consumer demand. At the same time, the relative abundance of these goods in the United States is imagined to be a liability of the American economy because it represents a depleted supply of consumer desire, thereby supposedly ensuring only a weak consumer demand. Prosperity depends on the absence of wealth, and poverty follows from its abundance, the consumptionist concludes, because, he imagines, that priceless commodity, consumer desire, more limited in supply than diamonds, is produced by the absence and consumed by the presence of wealth. It is on this principle that the consumptionist relishes war and destruction as sources of prosperity and attributes the poverty of depressions to "overproduction."

The consumptionist does not believe that the destruction of wealth is the only means of achieving prosperity. Though he believes it difficult of accomplishment, he has hopes that the supply of his commodity, consumer desire, may nevertheless be increased by positive measures. One such measure is a high birth rate. By bringing more people into the world, one brings more consumer desire into the world. The existence of a larger number of people, the consumptionist tells businessmen, will make it possible for business to find someone upon whom to unload its otherwise

superfluous goods. Business will prosper because its supply of goods will find a counterpart in an adequate supply of desire for goods. In the absence of a high birth rate, or along with a high birth rate, the consumptionist believes advertising may suggest to the otherwise fully sated consumers some new desire. And, on a somewhat different plane, technological progress, the consumptionist argues, may provide new uses for an expanding supply of capital goods, which otherwise would find no "investment outlets." Or, if all else fails, the government may be counted upon to supply an unlimited consumption – even in the absence of desire. Or perhaps, the consumptionist hopes, a country may be fortunate enough to be in danger of attack by foreign enemies and therefore stand under the necessity of maintaining a large defense establishment. In either case, the consumptionist imagines that the government will be able to promote prosperity by exchanging its necessary or unnecessary consumption for the people's products.

Production Limits Consumption

The productionist, of course, takes a different view of matters. He argues that the birth and upbringing of children always constitutes an expense to the parents. In raising children, the parents must spend money on them which they otherwise would have spent on themselves. Of course, the parents may, and hopefully will, consider the money better and more enjoyably spent on their children; but still, it is an expense. And if they have enough children, they will be reduced to poverty. This is a fact, the productionist argues, that anyone may observe in any large family which does not possess a correspondingly large income. The presence of children does not make the parents spend more than they otherwise would have, but only spend *differently* than they otherwise would have. They buy baby food, bicycles, and toys instead of more restaurant meals, a better car, or costlier vacations. There is no stimulus given to production. Production is merely differently directed, to the different distribution of demand.

The only increase in production that could take place, the productionist maintains, would be as a result of the parents having to take an extra job or work longer hours to support their children and still be able to maintain their own previous standard of living. And when the children grow up, the additional market which they are supposed to constitute for houses and automobiles and the

like will only materialize to the extent that they themselves are able to produce the equivalent of these things and thereby earn the money with which to purchase them. It will only be by virtue of their production, and not by virtue of their desire to consume, that they will be able to constitute an additional market.

Advertising and the Consumer

Advertising, the productionist holds, does not create consumer desire where no such desire would otherwise have existed. It is not the case that, in the absence of advertising, people would be at a loss as to how to spend their money. Advertising is not required, and would not be sufficient, to rouse vegetables into men. What advertising does is to lead people to consume differently and in a better way than they otherwise would have. It is a tool of competition, and, as such, for every competing product whose sale is increased by it, there is another competing product whose sale is decreased by it.

The consumptionist's attitude toward advertising brings into clear relief some further corollaries and implications of his basic premise. His estimate of advertising, like that of war and destruction, is ambivalent, and necessarily so. On the one hand, he approves of it, on the grounds that by creating consumer desires, it creates the work required to satisfy those desires. However, this very belief, that advertising creates desires where absolutely no desires would otherwise exist, also makes him condemn advertising. For if it were true that, in the absence of advertising, men would be perfectly content with very little, the desires created by advertising must appear to be only superficial and basically unnecessary and unnatural.

And this is precisely how the consumptionist regards them. In his eyes, all desires men have for goods, beyond what is necessary to make possible bare physical survival and a vegetative existence, represent an unnatural taste for "luxuries." These desires the consumptionist considers to be inherently unimportant. Their only justification is the creation of work. The consumptionist's conception of the greater part of economic activity, therefore, is that it represents senseless motion, with deceit and deception required to make people desire goods for which they have no need, in order to enable them to pass their lives in the production of those very same goods.

Paradoxical as it may at first appear, it is the productionist who attaches importance to consumer

desires. In his view, the desire for "luxuries" is important; it is necessary and natural; for it is nothing but the desire to satisfy one's basic needs (which include the need for aesthetic satisfaction) in a more perfect and more improved way. It is from the importance which attaches to the satisfaction of the desire for "luxuries," the productionist maintains, that the importance of the work required to produce them is derived, and not vice versa.

Technology and Capital Goods

The value of technological progress, the productionist holds, does not lie in the creation of "investment outlets" or "investment opportunities" for an expanding supply of capital goods. If the concept of capital goods is properly understood, as denoting all goods which the buyer employs for the purpose of producing goods which are to be sold, then, the productionist maintains, there is no such thing as a lack of "investment opportunity" for capital goods. So long as more or improved consumers' goods are desired, there is need of a larger supply of capital goods.

For example, ten million automobiles of a given quality require the employment of twice the quantity of capital goods – twice the quantity of steel, glass, tires, paint, engines, and machinery – in their production as do five million automobiles. If the quality of the automobiles is to be improved, then a larger quantity of capital goods is required for the production of the same number of automobiles. For example, a given number of cars of Chevrolet quality require a larger quantity of capital goods in their production than the same number of cars of Volkswagen quality; the same number of cars of Cadillac quality require still a larger supply of capital goods; and the same number of cars of Rolls Royce quality require yet an even more enlarged supply.

The identical principle applies to houses of different size and quality. A given quantity of eight-room houses of a given quality requires the employment of a larger supply of capital goods than the same number of seven-room houses of the same quality. A given number of brick houses requires a larger supply of capital goods than the same number of wooden houses of the same size; the bricks or any more expensive material constitute a larger supply of capital goods because a larger quantity of labor is required to produce it. The principle applies to food and clothing, to furniture and appliances, to every good. So long as more of

any consumers' good is desired, so long as not every consumers' good that is produced is of the very best known quality, there is a need for a larger supply of capital goods.

As Technology Advances

It is not the case that in the absence of technological progress, the supply of capital goods would continue to expand, but find no "investment outlet." It is not the case that what we have to fear from a lack of technological progress is a flood of goods in which every car produced will be the equivalent of the finest known model Rolls Royce, in which every house that is built will be a palatial mansion, in which every suit of clothes produced will be fit for the Duke of Windsor, and in which every morsel of food will be a rare delicacy, and that then we shall be at a loss as to how to employ our expanding supply of capital goods. On the contrary, what we have to fear from a lack of technological progress, the productionist argues, is that we shall *not* have an increase in the supply of capital goods, that we shall not be able to exploit any considerable portion of the virtually limitless "investment outlets" which already exist, *within the framework of known technology.*

The value of technological progress, the productionist maintains, consists in the fact that it enables us to *obtain* a larger supply of capital goods, and not that it solves the problem of what to do with a larger supply. The technological advances which made possible the canal building and railroad building of the nineteenth century and the development of the steel industry were valuable, not because they *absorbed* capital goods, as the consumptionist maintains, but because they made possible the *accumulation* of capital goods. The consumptionist does not realize that capital goods can only be expanded in supply by means of an expansion in their production, and that precisely this is what technological progress makes possible. Had the technological advances which made possible the first railroads in the 1830's not taken place, the supply of capital goods required for the expanded and improved railroad building of the 1840's would not have been obtainable; or, if obtainable, only at the price of the expansion of some other industry. Had no technological advances been made in railroading in the 1840's, the supply of capital goods in the 1850's would have been less, both for railroads and all other industries. And so it would have been decade by decade, had

the technological advances made in railroading or in any other industry not taken place.

Quandaries of the Consumptionist

For capital accumulation to continue for any period of time, technological progress is indispensable. Only it can make possible continued increases in production, and only continued increases in production can make possible continued capital accumulation. The consumptionist is not aware that the very thing which he considers to be the solution to his imagined problem is the source of what he imagines to be the problem. Nor is he aware that when he advances technological progress as the solution to the problem of what to do with more capital goods, he is confronting himself with the problem of what to do with the larger supply of *consumers'* goods, which even he admits results from technological progress. The consumptionist is faced, in addition to other quandaries, with the dilemma of explaining how it is that technological progress may raise the rate of profit by, as he puts it, "increasing the demand for capital," while at the same time, as he admits, it increases the production of consumers' goods, which, he maintains, lowers the rate of profit through "overproduction."

The idea that by consuming his product, one benefits the producer, by giving him the work to do of making possible one's consumption, is absurd, the productionist holds. Only the use of money lends it the least semblance of plausibility. If it were true, then every slave who ever lived should have cherished his master's every whim the satisfaction of which required of him more work. A slave should have been grateful if his master desired a larger house, an improved road, more food, more parties, and so on; for the provision of the means of satisfying these desires would have given him correspondingly more work to do.

The belief that the consumption of the government benefits and helps to support the economic system is on precisely the same footing, the productionist argues, as the belief that the consumption of the master benefits and supports the slave. It is a belief the absurdity of which is matched only by the injustice it makes possible. It is the means by which parasitical pressure groups, employing the government as an agent of plunder, seek to delude their victims into imagining that they are benefitted and supported by those who take their products and give them nothing in return.

The only economic benefit which

one can give to a producer, argues the productionist, consists in the exchange of one's own products or services for his products or services. It is by means of what one produces and offers in exchange that one benefits producers, not by means of what one consumes. To the extent that one consumes the products or services of others without offering products or services in exchange, one consumes at their expense.

Where Money Comes In

The use of money makes this point somewhat less obvious but no less true. Where money is employed, producers do not exchange directly, but indirectly. The buyer receives his goods from the seller. The seller receives his goods from other sellers, who in turn may receive their goods from still other sellers. But the first buyer in the series must either himself possess goods or have obtained his money from someone who does possess goods, so that the series of exchanges may be closed with the first buyer, or the party from whom he has obtained his funds, making sales of goods equivalent to his earlier purchases.

What makes the mere spending of money appear beneficial is that it is the receipt of money by one set of sellers which enables them to obtain the goods of another set of sellers. If, however, the spending is initiated by those who have no goods to sell and who have not obtained their money from someone who has, then there must be a set of sellers who can obtain nothing in return for the goods they have sold. Their loss will take the form either of a depletion of their capital, a diminution of their consumption, or a lack of reward for their added labor, precisely equal to the purchases of the buyers who have not produced.

The consumptionist's advocacy of consumption by those who do not produce, to ensure the prosperity of those who do, is, the productionist argues, a pathological response to an economic world which the consumptionist imagines to be ruled by pathology. The consumptionist has always before him the pathology of the miser. His reasoning is dominated by the thought of cash hoarding. He believes that one part of mankind is driven by a purposeless passion for work without reward, which requires for its fulfillment the existence of another part of mankind willing to accept reward without work. This is the meaning of the belief that one set of men desire only to produce and sell, but not to buy and consume, and the inference that what is required is another set of men who will buy and consume, but who will not

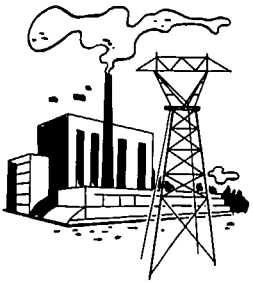
produce and sell. In the consumptionist's world, the producers are imagined to produce merely for the sake of obtaining money. The consumptionist stands ready to supply them with money in exchange for their goods – he proposes either to take from them the money he believes they would not spend, and then have someone else spend it, or to print more money and allow them to accumulate paper as others acquire their goods.

Hoarding is not the only phenomenon upon which the consumptionist seizes. Where nothing in reality, however unimportant and insignificant it may be, will serve, the consumptionist is highly adept at bringing forth totally imaginary causes of economic catastrophe. Invariably, the solution is consumption by those who have not produced, for the sake of those who have. Always, the goal is to demonstrate the necessity and beneficial effect of parasitism—to make parasitism a source of support.

The Rationality of Economic Life

In view of the overwhelming absurdities and contradictions of consumptionism and the literal perversion of values and emotions which it engenders, one may only conclude that its support is founded on the interest which it obviously serves. This, of course, does not relieve the economist of the duty of identifying the particular errors of every consumptionist argument as though it were advanced in good faith. It does, however, disqualify every consumptionist as an economist. No scientist, in any field, can accept the view that reality is irrational and that irrational action is required to deal with it.

Those economists of the present day who openly and defiantly proclaim that the economic world is "non-Euclidean," do so happily. That is the way they would like the economic world to be. If they merely believed that economic life *appeared* to be irrational, and did not at the same time *desire* it to be irrational, they would never proclaim it to be so in fact. Instead of leaping to the support of consumptionism after only the most casual examination of their subject, they would not rest until they had identified the errors which could make them believe that economic life possessed the appearance of irrationality; and the greater and more overwhelming such an appearance might be, the greater would they realize their own ignorance to be, and the harder would they work to overcome it and expose the errors involved. It is this which distinguishes an economist from a Lord Keynes. ◈



HENRY HAZLITT

"INDUSTRIALITIS"

IN government circles in nearly every "underdeveloped" nation today there is a fixed idea that the economic salvation of the country lies in industrialization.

Among outstanding examples are Egypt with its zeal for dams and India with its mania for a government steel mill. But examples can be found everywhere. I met a typical one in a recent visit to the Argentine. Argentina has now imposed a practical prohibition on the import of foreign cars in order to create a home automobile industry that not only assembles cars but makes the parts for them. Some of the chief American and foreign producers have established plants there. But it is estimated that it costs today about two-and-a-half times as much to make a car in the Argentine as it would to import one. Argentine officials are apparently not worried about this. They argue that a local automobile industry "provides jobs," and also that it sets the Argentine on the road to industrialization.

Is this really in the interest of the Argentine people? It is certainly not in the interest of the Argentine car buyer. He must pay, say, about 150 per cent more for a car than if he were permitted to import one without duty (or by paying a merely nominal revenue-raising duty). Argentina is devoting to car-manufacture capital, labor, and resources that could otherwise be used far more efficiently and economically—by producing more meat, wheat, or wool, say, to buy automobiles rather than to make them.

The effect of all government-forced or subsidized industrialization is to reduce over-all efficiency, to raise costs to consumers, and to make a country poorer than it otherwise would be.

But the authors of the import prohibition might reply with a

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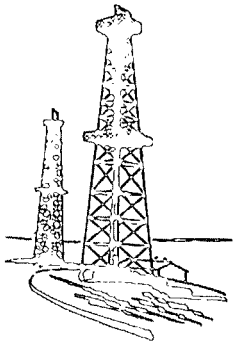
form of the old "infant industries" argument that played such a large part in our own early tariff history. They may contend that once they can get an automobile industry established, they can develop the domestic know-how, skills, efficiencies, and economies that would enable an Argentine automobile industry to be not only self-supporting but capable of competing with foreign-automobile industries. Even if this claim were valid, it is clear that a protected or subsidized industry must be a loss and not a gain to a country as long as the protection or subsidy has to be retained.

And even if a self-supporting motor-car industry were finally established, it would not prove that the losses in the period of hothouse growth were justified. When the conditions are in fact ripe in any country for a new industry capable of competing with the equivalent foreign industries, private entrepreneurs will be able to start it without government subsidies or prohibitions on foreign competition. This has been proved again and again within the United States – for example, when a new textile industry in the South competed successfully with the long-established textile industry in New England.

There is another fallacy behind the industrialization mania. This is that agriculture is always necessarily less profitable than industry. If this were so, it would be impossible to explain the prosperous agriculture *within* any of the industrialized countries today.

A popular argument of the industrialization-at-any-cost advocates is that it is impossible to point to a purely agricultural country that is as wealthy as "industrialized" countries. But this argument puts the cart before the horse. Once a dominantly agricultural economy becomes prosperous (as the early United States) it develops the capital to invest in domestic industries and therefore rapidly becomes a country of diversified production – both agricultural and industrial. It is diversified because it is prosperous rather than prosperous because it is diversified.

It is the great superstition of economic planners everywhere that only they know exactly what commodities their country should produce and just how much of each. Their arrogance prevents them from recognizing that a system of free markets and free competition, in which everyone is free to invest his labor or capital in the direction that seems to him most profitable, must solve this problem infinitely better. ◈



The Sad Little Story of Wink

ROBERT S. STROTHER

DURING the last five years, the Federal government has committed some two million dollars to a mysterious attempt to revive a dying boom town in the arid mesquite plains of West Texas.

The town is called Wink. The effort is puzzling because Wink has dim prospects, little influence, and few votes. The heavy dose of taxpayers' money has made some spectacular changes in Wink, but instead of bringing it new life as the planners predicted, the treatment has accelerated its decline.

Driving through Wink along Texas Highway 115, a visitor has the impression of a village cleared of debris after a disaster. The municipal water tower and a few buildings here and there were spared, but much of Wink is a flat, nearly treeless expanse of sandy vacant lots strewn with rocks, rusting oil drums, and tumbleweeds.

"You can see for two days in any direction from here," a big truck driver with elaborately tattooed arms told me over a cup of coffee in the TV Café. "But it wasn't a tornado that done it. It was urban renewal."

Urban renewal is the most recent in the series of turbulent events that has marked the history of Wink. The town sprang into existence overnight in 1926, when Hendricks No. 1, the first oil well in the area, came in a gusher. Within weeks, Wink was a rip-snorting canvas, tar-paper, and corrugated-iron camp where thousands of brawling drillers, rig-builders, and roustabouts fought and drank after long hours of dangerous work in Winkler County's rich oil pools.

At its roaring peak, Wink boasted more money, more gam-

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blers, and more honky-tonks than any other small town in the West. Robberies, gun-fights, and murders were common. But as the workers' wives came to Wink, the camp gradually became a town of more than 15,000. Some solid buildings went up along Hendricks Boulevard. Six churches were established. The Wink school district, with money pouring in from oil-company taxes, built a handsome school. (The district is still one of the richest in Texas.) The post office often served as many as 10,000 people a day.

From Boom to Bust —

The boom collapsed almost as fast as it had grown. The oil business changed from drilling to routine pumping of hundreds of wells. Anywhere you look out in the boondocks of Winkler County today you see pumps in action, their walking beams nodding at the pace prescribed by the state. Production now is held to 50,000 barrels a day. The county's total output since 1926 has been more than a half-billion barrels. But the wealth produced by the wells flows, not into Wink, but to royalty owners who moved long ago to livelier places.

"Very few came to stay," said R. F. Mackin, a pioneer who is still in Wink.

By the mid-fifties, Wink was almost a full-fledged ghost town. The tin roofs of fire-gutted shacks along the main street flapped dangerously in the gritty wind. The last doctor moved away. Only a few oil and oil well service companies provided payrolls which helped support the 40-odd little business firms that clung on. Most of the town trade went to Kermit, the pleasant little county seat. It is seven miles away over a fast road, and has 10,465 of the county's total population of 13,652. The last census gave Wink a population of 1,863.

"We were dying on the vine," Hugh Sasser, a former Wink councilman, said. "Then along came urban renewal. None of us paid enough attention at first. Nobody really believed it could happen here."

Learning, however, that little towns as well as cities are eligible for Federal slum clearance funds, Wink voted 187 to 5 in April 1958, to try for some. They set their sights on $336,000.

— to Bonanza

The Urban Renewal Administration encouraged them to think big. It gave Wink $75,613 for preliminary studies, including $30,000 to run the local urban renewal office. When Wink's renewal proposal seemed to be stuck in Washington, a Wink booster appealed

to Vice President Lyndon B. Johnson as a fellow Texan. Mr. Johnson passed the letter to Robert C. Weaver, Housing and Home Finance Administrator. Weaver alertly marked it "priority attention" and sent it to William L. Slayton, his urban renewal chieftain.

"And so," a visiting newspaperman wrote, "Santa Claus came to Wink." On June 26, 1961, a telegram, signed by Senator Ralph Yarborough, announced that the town would get $891,868 as a grant, and $1,034,758 as temporary loan authority. That amounted to $1,034 per capita, and the news jolted people elsewhere into the realization that a program designed to rid the cities of slums had taken a new tack.

"This fantastic project may do some good in the long run by forcing a reassessment of the entire urban renewal program," a *Houston Chronicle* editorial said. The newspaper figured that if Houston were given renewal funds on the same basis per capita, her share would be $969,118,446. Greater New York City's would be about eight billion dollars.

Businessmen of Wink were jubilant. "It almost knocked me down when we got the money," E. E. Bracken, who served without pay as the town's mayor told a reporter who hurried to the scene. "It's the best thing that ever happened," said a businessman who owned several dilapidated structures. "It is the only way I could ever sell."

The nine-man renewal commission appointed by the city council already had approved prices to be paid for properties in the 221 acres of "Project Tex. R-34." They were high, and opinion about the effect of the bonanza was divided.

Predictions

"Uncle Sam's bounty will be 'git-away' money for about half of Wink," Mike Fitz-Gerald, a retired oilman, predicted. "They'd have headed out of here long ago if they could have. Uncle will find himself financing an exodus."

"I'm just afraid we're going to end up with a well-laid-out city and no people," said Melvin Dow, then owner of the Wink *Bulletin*.

To answer skeptics, civic leaders could point to an "informed judgment" by the Urban Renewal Administration. "On the basis of surveys and studies of the existing physical conditions, land uses, environmental influences, and social, cultural, and economic conditions in the project area," the report intoned in Grade-A governmentese, urban renewal experts had "reached satisfactory conclusions on the Community's continued viability," and on the

ready marketability of the land.

"Wink will boom again," declared the late J. A. (Marble) Scogin, head of the renewal commission. "This splendid pilot project will bring visitors from all over the nation."

The planners painted a rosy future. A great shopping center would rise in Wink, with adequate off-street parking and decorative cactus gardens. There would be new stores, a busy new office building, and scores of new homes. Business and industry alike would flock to the rebuilt city.

A blizzard of government checks swept Wink. Within weeks, the commission had paid out $678,658 for 247 parcels in the 71 blocks included in the first project area. Of the 77 families evicted, just eight were relocated in low income housing built with a $225,000 government loan.

Performance

With land cleared, sewers extended, streets paved, and a new city hall in use, the commission sat back to await bids from business concerns eager to set up new enterprises in Wink. None appeared. The rush of home builders supposed to be stimulated by the government's offer of 100 per cent financing and 40-year mortgages to almost anyone willing to settle in Wink, did not develop. Wink's hope of renewal faded faster than the original boom. As the doubters had warned, people who had windfall cash in their pockets when chased away from their homes by the bulldozers did not come back. Many had stayed on in Wink largely because of low living costs.

"It got so we had to advertise in the Kermit paper for field help," an oil well service manager said. "We were fresh out of ablebodied men here in Wink, and so pretty soon we moved away, too."

In defiance of the costly judgment of the experts, Wink's displaced families used their share of the government relocation money and the payments for their properties to get out of town. They were suddenly able to realize a long-cherished dream and move to nearby towns which boast such amenities as hospitals, movies, and attractive stores – all lacking in Wink. At last count, only six families, instead of the 160 forecast, had resettled in the project area.

Several of the 15 displaced merchants folded up for good. Others moved out of town. The three largest oil-field service companies – Longhorn, Production, and United – followed suit. So did many of their employees.

Wink's population decline so far is about 300. The number of

water meters in use has shrunk by 80. Mae Barnes, county assessor, estimates that property valuations in Wink now are $2,607,650, down by $500,000 from 1962. Mike Fitz-Gerald ironically renamed his four-room motel "Hope," explaining, "That's what remains when all else has fled."

Downtown Wink is almost deserted. There is no building in progress, and no sign of the new stores or the new office building. Of the projected shopping center, there is visible only acres of paved surface, part of it the "adequate off-street parking," with intricate curbing and few cars. There are "For Sale" signs on many of the better houses, six of them Federal Housing Agency repossessions.

"Wink is the only place I know where you can't sell a good house or buy a bad one," Vaughn Brinson, a builder, said. He explained that the remaining poor homes are mostly in the part of Wink slated for bulldozing in the next renewal project, and that their owners cling to them in the hope of selling out at high prices as did their neighbors in Tex. R-34.

"Urban renewal on such a scale in Wink was senseless to begin with, and it split up the people in the town," George M. Campbell, owner of Production Service Company, told me. "The choice of property to be bought, and the scale of payment for it seemed almost pure whim. That stirred up envy and left a lot of bitterness. In my opinion, a system that gives appointed board members arbitrary power to destroy their neighbors' homes and businesses can destroy democracy, too."

In 1963, Campbell gave away his home in Wink, and with a parting blast charging urban renewal with creating a hostile atmosphere for business, moved himself and his company to Kermit.

Wink Waits

Charges of favoritism are heard everywhere in Wink, and the suspicion that "some people must have cleaned up on this," seems universal. Critics of the program are shunned as civic traitors by some town leaders. When Paul Foraker and Howard Wall, editor and publisher of the Wink *Bulletin,* persisted in denouncing the program as wasteful and absurd, the Renewal Agency jerked its extensive legal advertising out of their small weekly. Asked about Wink's projected second and smaller renewal project, Foraker said: "When the government makes a mistake, it never knows when to quit."

The Wink Urban Renewal Agency occupies a neat building

set well back on one of the town's few good lawns. The building was a medical clinic before the doctors left. Raymond Parr, the director, is a likable Texan who took over in 1962. He insists that his faith in the program is unshaken by the population decline and the lack of demand for cleared land.

"Wink is all set to grow now," Parr says, "and it sure wasn't before."

Donald McBee, Parr's predecessor as director and main figure in the first phase of Wink's program, now runs a filling station in Jal, just over the New Mexico line. Wink's project flopped, he says, because "they chased all the payrolls right out of town."

Some people are confident the government will solve that problem by requiring a big defense industry of some kind to move to Wink.

"They can't just let the whole thing sit here empty like this," one of them said.

Will Congress Wink at 850 Other Renewal Projects?

News of the wide disparity between prediction and performance in Wink does not seem to reach the Washington headquarters of urban renewal. Administrator Slayton astonished Rep. Ed Foreman, who as congressman for the district knows Wink well, by saying that Wink is not only moving briskly ahead as planned, but that it is "an outstanding example of small-city revitalization." Still further, he said in writing: "I believe this is the kind of program visualized by Congress when it enacted the first slum-clearance and urban-renewal legislation in the Housing Act of 1949."

That checks it squarely up to Congress. More than 850 small cities have urban renewal programs under way. Communications with them are easy, and travel is fast. Before adding billions to the $8.8 billion already committed to the urban-renewal and public-housing subsidy programs, members of the Housing Committee of Congress might think it prudent to ignore the cheerful progress reports written by men running the program, and to take a look for themselves. It should be useful to know how many urban renewal projects over the country are as fantastic as Wink's. ◈

LIBERTY AND LAW

KENNETH W. SOLLITT

AMERICANS have a ready solution for every problem which confronts us: Pass another law! We heap law upon law, and each new statute seems to dare us to defy it or find a way of evading it. We spend more money to pass laws, and more money to break the laws we have passed, than any nation in the world. And we think that the only way to correct all this is to pass another law! The something that makes laws work is missing.

We have become so involved in legality that morality is forgotten. And the result is more and more laws in a vain effort to keep us from being inhuman to each other. This is not progress!

The alternative is obvious: a new concern for the moral law which, if observed, would eliminate the need for much present-day legislation while permitting the remainder to be almost self-enforcing. This should be mankind's next moral advance.

The Reverend Dr. Sollitt is Pastor of the First Baptist Church, Midland, Michigan.

The Supreme Court has now made it abundantly clear that, in an age when we are invited to look to Uncle Sam for everything from a safety-pin for baby to an aspirin for grandma, we cannot look to government to teach us morality and religion. This task is squarely up to the churches, the homes, and individuals.

The past, if we let it, can teach us three important lessons for our guidance in the future:

The first is that morality cannot be legislated. This is not to disparage law or belittle its value. Law has its place in creating an environment wherein wrongdoing is discouraged and those who do right are not penalized. But can we not see by now how ineffective is law when unsupported by moral idealism, good will, and self-discipline? From where do these come except from inner ethical imperatives?

The second bit of guidance for the future is the observation that

nothing can redeem society but the redemption of its parts – individual human beings. People are not redeemed apart from contact with the Redeemer, and it is not Uncle Sam's job to make this contact. On us, and on our homes and churches, and on our activity in putting and keeping ourselves and others in touch with moral leadership depends the advance or retrogression of the race.

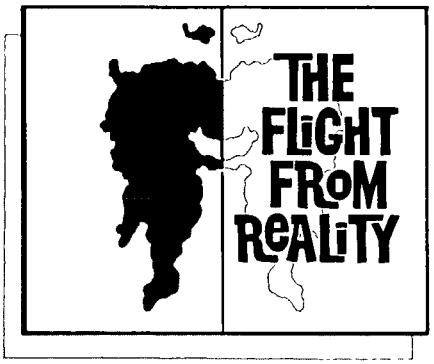
We of the church need to wake up to the fact that the church is in a more strategic position than government. It *could* be more influential than all our legislatures and courts combined. It *could* be more effective in saving us from our apparent moral retrogression than any combination of law-enforcement agencies, welfare programs, and increased budgets to support them. But awareness of these facts is not likely to come until churchmen begin to concentrate on doing their job instead of lobbying for more laws.

Third, we need to straighten out our thinking about the relationship between liberty and law. We are the victims of two plausible but conflicting philosophies.

One philosophy holds that *laws limit freedom.* True, no man may do what he wants so long as there is a law to prevent him, and many of our laws are of this variety. Therefore, says this philosophy, the less law the better. Repeal the laws. Break the laws you can't repeal until they are shown to be unenforceable! Then we'll have liberty! But we all know, even if we have never watched a TV western, that when there is anarchy, there is no real freedom.

The other philosophy says that *laws protect our freedom.* Traffic laws protect our lives on the highway, for example, and afford us freedom to drive where we wish to go. Our lives are protected because certain activities are controlled. Therefore, says this philosophy, perfect control should be perfect freedom. Pass more laws. Control everything! Make it unnecessary (and incidentally impossible) for people to make up their own minds about anything. This is liberty, *1984* style.

Fewer people would be led to these extremes if the churches proclaimed the truth that the ideal of perfect liberty is achieved only when we do what we ought, and not because it is the law, and when we create by religion and morality a society in which people don't need to be protected from each other. This is not to be achieved by passing laws but by teaching religious truth and moral responsibility, which is our job and not Uncle Sam's. ◈



The Mind of the Reformer

CLARENCE B. CARSON

He regarded the world as a flux to be formed by his own mind.

— R. R. PALMER

The supreme architect, who begins as a visionary, becomes a fanatic, and ends as a despot.

— WALTER LIPPMANN

TWO DEVELOPMENTS stand out on the canvas of the world scene in the twentieth century. Viewers may differ as to whether these two dominate the picture or not, but there should be no denying that they are there. The first is the tremendous surge of reform effort that has been going on in the world for most of this century and that is by now so pervasive that it could be called universal. In the United States hardly a day passes that some reform is not proposed, advanced, revived, or instigated. Speakers scurry about over the country describing the problems and offering the solutions. Newspaper columnists echo the sentiments of speakers or provide them, as the case may be. One day attention may be focused upon the need for reform of the bail system. On another, the system of trial by jury may be up for examination, and proposals may be forthcoming for discarding it. Or again, the decaying centers of metropolitan areas may be described as the background for some proposal to use government to renew them.

Nor is the United States alone in being the scene of a prevalent reform bent. Many other countries share the bent with Americans but greatly exceed them in their willingness to radically alter existing institutions to accomplish

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the reforms. Thus, in predominantly agricultural lands proposals for redistributing the land are favorite remedies for what ails the population. This panacea often has to share the spotlight, however, with plans for rapid industrialization. These economic measures are usually only the most well known of the reforms being undertaken, depending upon the country and what its particular "problems" happen to be. Some countries may be occupied with "crash" programs of school building, others with placating dissident racial or religious groups, others with providing various welfare programs, and so on.

This reform bent is not restrained, however, by national boundaries nor restricted to sovereign states. It has promoted the establishment of institutions in international organizations. For example, the United Nations has associated with it an International Labor Organization, a Food and Agriculture Organization, a World Health Organization, and others. There have been gatherings for regional planning, such as those that were promoted by the Marshall Plan. There is the more general phenomena of foreign aid, and there are international loan agencies to finance reform programs. Conceiving the matter most broadly, the drive to make over men and societies is in the ascendant today.

The Corrosives of Civilization

The second development cannot be so readily reduced to a phrase for purposes of description. Actually, this development has many faces. One of them, perhaps the most prominent, is disorder. There has been mounting disorder in the world in the twentieth century: disorder in the relations among nations which evinces itself in almost continuous tensions and erupts in sporadic catastrophe violence, disorder in relations among groups which manifests itself in violence between and among groups, disorder in families indicated by broken homes and juvenile delinquency, and disorder of personality manifested in widespread mental illness.

Another face of this development is violence. The volume in the *New Cambridge Modern History* which deals with the twentieth century is called "The Era of Violence." The textbook on the Western world in the twentieth century by Frank P. Chambers has the interesting title, *This Age of Conflict.* Who has paused to consider how many kinds of violence have begun to assume regular forms and have even been institutionalized in this century?

A few examples of institutionalized violence may refresh our memories. There are industrial strikes, concentration camps, purges, "nationalization" of property; and even street fights among juveniles have assumed the semiform of "rumbles."

Yet another face of this development is the decline of liberty and the removal of protections from around the individual. In some countries this has occurred rapidly as in communist and fascist revolutions. In others, such as the United States, it has occurred by a process of attrition. The loss of liberty may occur in such an apparently innocuous manner as the zoning of city properties, or it may assume the most drastic proportions of being held in jail without a hearing.

The point, however, is that the circumscription of liberty is a virtual universal phenomena in this century, though there have been some movements to and fro in this matter. Certainly, the one new kind of government to emerge in this century has been totalitarianism. The tendency of governments everywhere has been to adopt some of the features of totalitarianism, though the exigencies of war may be the occasion for such adoption.

The composite face this second development wears is the disintegration of civilization. For what is civilization but order, peace, settled and regularized relations among men and groups, and conditions of liberty among individuals? Disorder, violence, and aggression are the antithesis of civilization. To the extent that they become pervasive, civilization disintegrates in equal degree. In short, the corrosives of civilization have become dominant in many places on the earth and they threaten to become pervasive everywhere.

Attempts to Reform Society Have Undermined It

The pressing question for all of us, of course, is why this turn of events occurred. Why have there been total wars, concentration camps, confiscations of property, circumscriptions of liberty, institutionalizations of violence in this century? So far as we know, there were few who expected any such turn at the outset of the century. The literary evidence suggests the contrary, for it contains visions of peace, prosperity, and triumphant civilization in the twentieth century. And those who would be leaders have continued to hold out such visions up to the present, even as violence mounted and wars became total. Indeed, the glowing pictures of the future which reformers still paint have

hardly been tarnished by this untoward course of events.

Yet, it will be my contention that there is and has been a direct connection between the first and second developments described above. That is, reforms have resulted in disorder, violence, and the diminution of liberty. To put it briefly, the attempts to make over society and man have been made by the undermining of beliefs, the destruction of institutions, the uprooting of traditions, and the aggressive use of governmental power.

The framework of order and liberty has everywhere been greatly shaken by this course of events and in many places utterly shattered. A semblance of order has usually been maintained or restored in most places, but it has quite often been at the expense of liberty. To state it another way, the disorder resulting from the undermining of traditional morality and the unraveling of the bonds of social unity has been quelled by governmental power. The result has been the police state which has emerged everywhere in varying degrees in the twentieth century.

The Bent to Reform

Since it will be a part of the burden of the remainder of this work to show the connection between reforms and the disorder of these times, the matter can be left at this point with the assertion that the connection exists. The question can now be stated more directly. Why have men been bent upon reforms and used methods to achieve them which have resulted in varying degrees of disorder and tyranny? Why are men bent upon reforming everything in our time?

This would probably appear to be a silly question to anyone who knows no history before this century. Indeed, the bent to reform goes back at least into the nineteenth century, if not before. Ralph Waldo Emerson asked in 1841: "What is a man born for but to be a Reformer . . .?" Indeed, the bent to reform – the urge to change, to make over, to redo – was well established in the outlook of many considerably before this century got underway.

Even so, it should be made clear that this is not a usual attitude for most people. Quite likely, people have ever been inclined to prefer the well-worn path to the uncharted course, the familiar to the new, the customary to the innovative, and the established to the prospect of reform. So deep-seated is this inclination that peoples have often rebelled against radical change and welcomed the restoration of the old order after

a radical attempt at change. At most times and in most places in the past, reforms and reformers have gotten short shrift. Innovation has been much too perilous a game for a profession of innovators to be established. In short, for the reform bent to become acceptable to great bodies of people required a reversal of outlook on a huge and probably unprecedented scale. Insofar as reform depended upon popular approval, a great transformation of outlook had to take place.

The Intellectuals

The prime movers both of reform and of the changed outlook have been those who may be identified as intellectuals. This brings us to a third development of the nineteenth and twentieth centuries: the vast proportional increase in the number of intellectuals. They could not actually be counted, for the question of who is an intellectual has to be answered by definitions; opinions will differ, and the application of the most precise definition would be exceedingly difficult.

Nonetheless, there should be no doubt that the number and sway of intellectuals has greatly increased, probably in some direct proportion to the triumph of the reformist orientation. They teach school, profess at universities, write speeches, provide the material for the mass media of communication, advise businessmen and politicians, and so pervade societies today. Government leaders are quite often accredited intellectuals, or so one may judge by the number of them (particularly in Latin countries) who effect the title of "Doctor."

It will be my contention, then, that the reorientation of populaces in the direction of continuous reform has been the work of intellectuals. And, it may be incidentally noted at this point, the proposal and fostering of reform quite often provides intellectuals with their work.

It is in order at this point to make some distinctions which will help to focus attention upon the valid historical connections among the above developments. There are reforms and reforms, reformers and reformers, intellectuals and intellectuals. Not all reforms promote disorder; not all reformers have been instrumental in instituting tyranny; not all intellectuals have contributed to the circumscription of liberty. The species involved must be distinguished from the genus.

Individual Reform

There are at least four levels or kinds of reform. The one that has been most universally appealed to

and most generally recognized as beneficial has been *individual reform*. Prophets, preachers, and teachers have ever exhorted their hearers to repent and to reform. They have usually meant that the individual should regroup and integrate the forces within him, that these should be brought to bear upon some worth-while object or end, and that he should act morally and responsibly in the course of his life.

Advocates of this kind of reform differ as to how it may be achieved. Some hold that such inner reform can only be wrought by the Grace of God. Others hold that it can be done by acts of the human will. Idealists usually hold that it is accomplished by focusing upon some worthy ideal. But they all agree that inward reform is possible and desirable. Such reforms and reformers need not detain us for long. They have been with us for as long as there are records, and they have certainly not wrought the contemporary predicament. We need only pause to wish them well, and move on.

Institutional Reform

The second level may be called *institutional reform*. Such reform is concerned with the changing, creating, or disposing of organizations. Examples of this kind of reform would be the writing and amendment of constitutions, extension or restriction of the suffrage, changes in the modes of the selection of officials, the abolition of trial by jury, the creation of boards and commissions, and so forth.

Since institutions are means to ends, their reform does not necessarily entail movement in any particular direction. Thus, institutions may be reformed so as to create a balance of power in government and enhance liberty. Reform may even give formal recognition to traditional but unestablished institutions. It can be so radical, however, as to disrupt the tenor of political life. And reform can be used to destroy or undermine the institutions which protect liberty and maintain order within society. It all depends upon the methods used and the end that is in view as to the tendency of such reform.

Liberal Reform

The third kind of reform is much more difficult to name. It should be called *liberal reform*, despite the semantic difficulties involved. Liberal reform is that which removes legal restrictions upon the individual and thus enhances his liberty. There was a great deal of such reform in the eighteenth and nineteenth century in Europe and America. Examples

would be the abolition of slavery, the removal of mercantile restrictions upon the economy, the disestablishment of churches, the abolition of primogeniture and entail, and the revocation of class privileges. It was these kinds of reform that gave reform a good name in the nineteenth century and helped to establish the reform bent.

It should be noted, however, that the method of reform is very important even if the end can be universally acclaimed. Thus, the abolition of slavery could be carried out in such a way as to respect the property values involved, or it could be carried out so as to amount to the confiscation of property. The latter was the method used in America; hence, it was accomplished by aggression and accompanied by deep rents in the fabric of society. In general, though, where liberal reform was accomplished by appropriate means it was conducive to order, liberty, and prosperity.

Ameliorative Reform

The fourth kind of reform is *ameliorative reform.* This sort of reform involves the use of governmental power to improve people or the conditions of their lives. It is what is ordinarily meant today by social reform, though strictly speaking both institutional and liberal reforms are social reforms. Examples of ameliorative reform can be given that range all the way from a compulsory social security tax to the wholesale confiscation of property. The advocates of such reform are usually called "liberals" in twentieth century America, but they have worn many labels in the world: democratic socialists, social democrats, communists, revolutionary socialists, fascists, and so on.[1]

Method is important, of course, and peoples bearing these names subscribe to a great variety of methods. It is better to have one's purse stolen than to have his life taken. It is better to be put into prison, other things being equal, than to be shot in the back of the neck. It may even be better to have a moderate redistribution of wealth accomplished by parliamentary means than to have a dictator proclaim the confiscation of all private property. But all varieties of meliorists appear to share many common objectives in the contemporary world. They want to make over man and society by political means so that

[1] Technically, Marxist revolutionaries are not reformers. In fact, however, they have not destroyed governmental power, as they were supposed to do, but have seized it. They then use it to effect their ends. That is, they become reformers.

they will conform to some version they have in mind. Such reforms, when they have been undertaken, have resulted in widespread disorder, suffering, violence, and loss of liberty.

It would take us too far afield from the present inquiry to enter into extensive proofs of the connection between ameliorative reform and the resultant disorder and tyranny. Let us be content, then, with an axiomatic statement of the reasons for the connection. To wit: men live their lives within a framework of customary relations and patterns for achieving their ends and solving their problems. In the absence of positive force, they have worked out and accepted these patterns voluntarily, or they submit to them willingly. Any alteration of these by government involves the use or threat of force, for that is how governments operate. The old order must be replaced by a new order for the reform to be achieved. The result of the forceful effort to do this is disorder.

Theoretically, the new order replaces the old order; in fact, it does not. It is, at best, an uneasy peace maintained by the presence of armies, as it were, for these may be only an augmented police force. Men may adjust to the new *dis*order, resume the course of their lives as best they can, and submit more or less to conditions. In time, they may even forget that the system is maintained by force, or that things could be otherwise. After all, most peoples at most times have lived under varying degrees of oppression. Nonetheless, ameliorative reform introduces violence into life. The force charged with keeping the peace becomes the disturber of the peace. Traditional relationships are disrupted. Liberty is restricted and reduced.

Reform Creates Suffering

The amount of suffering depends upon the kind and degree of reforms. In communist lands, actual starvation often follows the attempt to make over society. More moderate reforms may only lead to the decline of investment in industry, to the deprivation of those on fixed incomes, to the loss of spontaneity in human relations, to a desultory conformity to the establishment, to the rigidity of conditions, and so on. A considerable literature now exists detailing the consequences of ameliorative reform efforts by governments; anyone not convinced by theoretical proofs should avail himself of it.[2]

[2] It is not my contention that all disorder and suffering are caused by governmental intervention or that they would disappear if it did. On the con-

The blueprints for ameliorative reforms (and revolutions which have eventuated in reform) have been provided by intellectuals. They run the gamut from Saint-Simon to Karl Marx to Eduard Bernstein to Georgy Plekhanov to Karl Kautsky to George Bernard Shaw to Sidney and Beatrice Webb to Eugene Debs to Lester Frank Ward to John Dewey. These, and many others, have made analyses, drawn plans, described utopias, provided visions, and, in short, have supplied the ideological ammunition in the battle for ameliorative reform. There is a sense, then, in which it can be said that intellectuals have caused the reform effort.

Intellectualism Defined

Certainly, it would be valid to say that the initiative for such efforts has come from reformist intellectuals under the sway of ideologies. This fact has brought forth from some the conclusion that the attempt to make man and society over results from some inherent trait in *the* intellectual, or that the real villain of the piece is something that may be called *intellectualism*. Undoubtedly, "intellectual" can be defined so as to refer only to those who want to make the world over, and "intellectualism" can be defined as the inherent outlook which promotes such reformism.

This is a dubious use of language. It does not conform to contemporary conventional usage nor does it take into account the etymology of the words. In the current parlance, an intellectual is one who works mainly with ideas. The *American College Dictionary* defines "intellectual" as "appealing to or engaging the intellect . . . , of or pertaining to the intellect . . . , directed or inclined toward things that involve the intellect . . . , possessing or showing intellect or mental capacity, esp. to a high degree. . . ."

Such definitions apply equally as well to those who oppose reform as to those who favor and advance it. It may be that those who work with ideas are more likely to make mistakes in the realm of ideas than those who do not, in something of the same way that those who construct tall buildings are more apt to die from falling than those who stay on the ground. At the same time, those who are at home in the realm of ideas should be least likely to use them wrongly. If that is not the case, the matter requires explanation, not definition.

trary, suffering and disorder – both individual and social – have always existed for human beings and, so far as I know, will continue to do so. My concern is with that portion of suffering and disorder *caused* by planning and executed by collective endeavor.

A Pithy Question

The question can now be framed which will bring us to the heart of the inquiry. Why have so many modern intellectuals been devoted to ameliorative reform and/or revolution? Why have they (and do they) promote reforms which, when put into effect, result in disorder, violence, and oppression? Is it because they love disorder? Is it because they are violent men by nature? Is it because they despise liberty and long to see oppression introduced? There may be intellectuals of such a character, but most of them certainly are not. Probably, no group of people has ever been so devoted to the ideas of peace, harmony, freedom, and plenty as have modern intellectuals. Their works are replete with references to these words, and contain numerous plans for the realization of the goals that are implicit in them.

There have been explanations from those who perceive that many intellectuals are actually at war with that which they profess to seek. One of these stems from the conspiracy theory of history. According to some versions of this view, intellectuals are "dupes" of the conspirators, notably those in the communist conspiracy, or else they are part of the conspiracy. This view is given a certain plausibility by the existence of a communist conspiracy, and by the attraction which communism has had for intellectuals over the years.

But it must be noted that communism was an idea before any conspiracy existed, that it too was a product of intellectuals. Moreover, there have been and are many anticommunist intellectuals who are wedded to melioristic reform. Most reformist ideas have been openly advocated or presented, quite often long before any conspiracy existed. Conspiracies have to do largely with the destruction or seizure of governmental power, though this is sometimes advanced by ideological subversion, which may also be covert. It should be noted, too, that some intellectuals have been taken in, or so they claim, by "front" organizations.

But after everything has been said for this theory, there are too many facts, and too many intellectuals, which it does not account for. Why, for instance, are intellectuals so readily attracted to communism? Since they are supposedly adept at ideas, they ought to be the first to perceive errors in them. Instead, intellectuals are the one group in a country from which the largest contingent sympathetic to communism can be drawn. This must mean that many intellectuals are already commit-

ted to the idea of reconstructing the world before they accept any particular ideology, or, to put it another way, that they are prone to ideologies which contain plans for remaking the world. Conspiracies are not causes of ideas, but effects; they may be used to promote particular causes, but they are creations, not creators.

There is another explanation, not quite a formal theory, for accounting for the reformist predilections of intellectuals. It goes something like this: Intellectuals want power and prestige. Reformism offers opportunities for them to achieve these, for they can draw up the plans and to some extent direct the execution of them. To put it baldly, intellectuals do not care how much destruction they wreak so long as they can achieve their own personal power objectives. To anyone who has known or read the works of many reformist intellectuals, this view should be incredible.

Of course, none of us knows the hidden motives of another, but such a view does not square in many instances with what we do know. The theories of most reformists have not been power theories at all. Earlier reformers quite often envisioned a condition in which all political power had been destroyed, when relations among people were free and spontaneous, when the last vestiges of the exploitation of man by man had been removed from human relationships. This thesis can have only limited application at most.

The Great Disparity

This work will be devoted to making a quite different explanation. My thesis will be that the gross disparity between the visions of the intellectuals and the realities which they help to create and perpetuate has resulted from limitations in their conception of reality. They visualize freedom and create oppression. Assuming their good faith and sincerity, this can only mean that they have misconceived the materials with which they are working. Many intellectuals are indeed deluded, but it is no simple delusion such as is imagined when they are described as "duped." It is a delusion rooted deeply in the contemporary outlook, supported by voluminous research, propagated by a prodigious educational effort, and developed by a steadfast attention to an aspect of reality. It has an extensive history and has been developed by some of the best minds of the last century.

The centerpiece of the delusion is the belief that there are no limits to man's creativity. Reality can be endlessly shaped and re-

shaped to suit the purposes of men. In effect, man has no fixed nature; the universe contains no unalterable laws. Stated so bluntly, many intellectuals might hedge at subscribing to these premises. Yet these are substantially the premises upon which reformist intellectuals have based many of their programs. They have, as R. R. Palmer said of Napoleon Bonaparte in the prefatory quotation to this piece, "regarded the world as a flux to be formed by . . . [their] own mind[s].

The Phenomenon Recognized

The flight of the intellectuals from reality has not gone entirely unremarked. In the following quotations, each taken from a different contemporary writer, the phenomenon is recognized, though the intellectuals are characterized by different names by each writer. Thus, Thomas Molnar calls them "progressives," but he is talking about the reformist intellectual:

> . . . It [his description] points to the basic attitude of the progressive, his contempt for the structure of life, its given situations and hard data; and it evokes the impatience with which he presses for the social, political, economic, international pattern that his ideology dictates him to favor. . . . The envisaged and blurred picture of what would be the opposite of life's actual imperfect conditions has a great fascination for him, and he is apt to denounce as cynics those who call him back from the nowhere-never land to reality.[3]

Eric Voegelin calls the phenemenon "gnosticism," but he, too, is describing the attitude of the reformist intellectual in the following:

> . . . In the Gnostic dream world . . . nonrecognition of reality is the first principle. As a consequence, types of action which in the real world would be considered as morally insane because of the real effect which they have will be considered moral in the dream world because they intended an entirely different effect. The gap between intended and real effect will be imputed not to the Gnostic immorality of ignoring the structure of reality but to the immorality of some other person or society that does not behave as it should behave according to the dream conception of cause and effect.[4]

Calling them "liberals," and getting down to specifics, James Burnham says:

> . . . The liberal ideologues proceed in a manner long familiar to both religion and psychology: by constructing a new reality of their own,

[3] Thomas Molnar, *The Decline of the Intellectual* (Cleveland: World Publishing Company, A Meridian Book, 1961), p. 132.

[4] Eric Voegelin, *The New Science of Politics* (Chicago: University of Chicago Press, 1952), pp. 169-70.

a transcendental world, where the soul may take refuge from the prosaic, unpleasant world of space and time. In that new and better world, the abandonment of a million of one's own countrymen and the capitulation to a band of ferocious terrorists become transformed into what is called "liberation." . . . A crude imperialist grab in the South Seas or the Indian subcontinent becomes a clearing up of the vestiges of colonialism. The failure to retaliate against gross insults and injuries to envoys, citizens and property becomes a proof of maturity and wisdom.[5]

The Quest for Truth

But this view has to be seen to be believed. It must be set forth in its complexity and depth, with an understanding that the quest for truth is not undertaken in a well-lighted room. It is undertaken by men who see only in part, and to the extent that they concentrate their attention upon the most illusory part, to that same extent they may be drawn farther and farther from the object of their search. None of us is immune from this partiality of sight. Thus, it is necessary that we repair to the concrete realities of history, in humility submitting assertions to the test of fact and reason. We must relive, if only in the imagination of the recreation that is history, the sojourn of the reformist intellectual before we can understand him and the delusion into which he has been ensnared.

The reformist intellectual, then, has been caught up in a flight from reality. What is to follow will be largely an account of that flight, told against a background of the central Western tradition of what constitutes reality. The main attention will be focused upon the thought of the American reformist intellectuals, but this will be recounted alongside European intellectual developments, of which the American forms a part.

[5] James Burnham, *Suicide of the West* (New York: John Day, 1964), p. 302.

The next article in this series will concern "Symptoms of the Flight."

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In Self-Defense...

PAUL L. POIROT

HOWEVER MUCH one might wish it otherwise, a realistic view of mankind reveals that violence against others is still in common use as a way of trying to satisfy human wants. And this is the reason for government.

Whether government is organized for the purpose of attacking and plundering or for the purpose of protecting life and property, it may be concluded that the size and scope of government – relative to the total of human relationships within a society – will depend directly or indirectly upon the extent to which individuals rely upon violence against others to try to satisfy their wants.

Every act of trespass against the person or the property of another, against that other's will, tends to provoke retaliation in kind; and such actions and reactions of violent nature continuously work themselves out so as to constitute and justify the effective governmental force within any society.

It is well to recognize and remember that the purpose and nature of violence is to overpower, and that the prevailing power bloc in a society is the effective government at any given time. Violence as such carries no built-in regulator or means of self-restraint; the object ever is overpowering strength. The tendency of government is to grow in power. Old governments do not simply wither away, but invariably and inevitably die by violence at the hands of a superior force that may be either externally or internally initiated; a government is dead when it can no longer defend itself.

Observing this fatal tendency of governmental power to grow – and grow corrupt – has led some individuals to the conclusion that governments are the cause of violence among men and that

peace would reign universal if only all existing governmental structures were dismantled. What these persons fail to see is that human nature is the source of violence among human beings and that to change human nature itself is a bit more complicated than simply to change or abandon certain institutional manifestations of the nature of man.

Until all men are agreed that all men are perfect, violence is apt to manifest itself as governmental control in one form or another. Thus, it would seem far more fruitful to try to learn to live with government than without it. Despite the discouraging record of the decline and fall of empires, there is no shred of evidence that the people involved might have done better without governmental structures.

Government Has No Automatic Limits

The modern rapid drift toward socialism, even in the United States of America under what is widely acknowledged to be one of the outstanding efforts of history to diffuse and limit governmental power, may not be taken as evidence that such efforts were fruitless. One may properly conclude from the American experience that the Founding Fathers did not devise a government that would keep itself within the prescribed bounds of defending the lives and property of all peaceful citizens. There is overwhelming and irrefutable evidence that the government of the United States of America has been drawing unto itself through the years vast powers over the peaceful creative activities of the citizenry – powers greatly exceeding those defined and specified in the Constitution.

To draw the foregoing conclusion is not to say that the Founding Fathers were derelict in their duty to future generations. Quite possibly they were aware that a Constitution can do little, if anything, more for a people than they are able and willing to do for themselves. Perhaps they knew that the government they formed might tend to grow in power and grow corrupt. They might well have understood that there is nothing in the nature of any government that would automatically serve to regulate and limit its scope and size. Conceivably, their major aim was to raise a standard to which the wise and honest might repair – if and when men sought freedom and were worthy of it.

In any event, there are no grounds for a conclusion that the people of the United States today are in worse condition than if there had been no effort to constitute a government of limited

powers. That the limits are being violated and exceeded in our time is neither a discredit to the Founding Fathers nor is it necessarily a reflection on those now holding political office and exercising the power of government.

Our big government is simply and solely a measure of the extent to which citizens of the United States have come to rely upon violence in their relationships. Government has no alternative but to grow in proportion to such violence – or be displaced by a superior power. If there are those of us who want less government intervention, then it behooves us to find new ways and means to rid ourselves and our fellow citizens of our violent natures.

How to Reform the World?

Where does one begin? If he were to take his cue from the popular approach, he would likely join in the demonstrations to "ban the bomb" and to reform the rest of the world *en masse*. He would form an organization to show a superiority of numbers favoring his proposed reform. Then, with nothing but peace in their hearts, the assembled reformers would sit in their neighbor's path until he saw the error of his ways and joined their ranks to help save other lost souls.

Yet, there are among men those who would choose an open path in preference to being reformed, and sometimes they react to reform efforts in ways that lead to violence. Implicit in the so-called right to picket is an unfounded presumption that the victim will not reply in kind. And the right to strike implies that none will strike back. But some men violently resent being picketed and struck against. That fine line between peaceful picketing and rioting is often blurred and scarcely distinguishable, even to the seasoned law enforcement officers assigned to duty for such mass demonstrations of collective "passive resistance." There can be little doubt that much of the inordinate growth of government power in the United States in our time results from the attempt to serve the interests of organized pressure groups and, at the same time, to restrain their propensity to violence.

The American prohibition experiment affords a clear example of the way in which violence erupts and government grows out of the efforts of some persons to reform others. Marching, chanting, sloganeering, hatchet-swinging demonstrators depict the evils of alcohol until a majority is aroused to pass a law to prohibit the manufacture and sale of in-

toxicants. Then, behind the law, arise gangs of bootleggers and their constant gang warfare. This, in turn, calls for armies of law enforcement officers, beset by bribery and corruption and violence on the grand scale.

Consider for a moment a few of the jobs one pressure group or another among us has persuaded policemen to do for us, by violence if anyone resists:

- teach our children, not only the three R's, but all the pertinent facts of life.
- build our homes, summer camps, ski resorts.
- perform our charities.
- purify our drinking water.
- dispose of our garbage.
- conserve our resources.
- carry our mail.
- provide our electricity.
- build and maintain subways, railways, highways, waterways, and airways.
- regulate interest, freight, and utility rates of all kinds.
- protect us from floods, droughts, hurricanes, earthquakes, fires, freezes, insects, poisons, and other hazards.
- build and staff our hospitals.
- insure us against illness, accident, old age.
- supervise our gambling.
- judge our published communications.
- broadcast political messages to foreigners as well as ourselves.
- enforce our agreements in restraint of trade.
- intervene in foreign affairs.
- suppress foreign competition.
- underwrite our unemployment and business failures.
- support farm prices.
- rebuild and renovate depressed areas.
- et cetera, et cetera, et cetera.

Though far from complete, this list is sufficient to signify a great deal of violence and a great deal of government in our lives. And it affords a major clue as to why policemen may sometimes fail to appear promptly at the scene of a crime. With so many more laws to enforce, there are that many more definitions of and opportunities for illegal action.

Careful scrutiny of the foregoing list will reveal another startling fact: that many of the supposedly domestic interventions of the advanced welfare state have international consequences that lead to war. For instance, the postal service, subsidized ocean shipping and international air transport, foreign aid, farm price supports, international trade agreements, tariff policies, and similar governmental activities breed foreign antagonism and lead to armament races and defense tactics that bring nations to the brink, and then to war.

If violence is in the nature of man, as we have presumed, and not necessarily a consequence of government, it would seem logical to defend oneself against this evil tendency. Thus, reasonable men will try to codify their rules of conduct, "raise a standard to which the wise and honest can repair," and organize their defensive forces to constitute the government of their society. Its sole, logical purpose would be to suppress any outbreak of violence, fraud, or coercive threat against the life or property of any peaceful person, with general taxing power sufficient to sustain itself in this limited defensive role.

The Key to Peace

Beyond resort to force for such defense, peaceful persons would look to their own efforts, and to voluntary exchange through service to others, to satisfy their own wants. Their hope for a better world or a better society would be through self-improvement rather than the reform of other persons. Self-improvement is a do-it-yourself project without violence toward others; it affords an example others may follow without provoking their violent retaliation. It broadens the path to liberty, diminishes the need for government.

It is the key to peace. ◈

IDEAS ON LIBERTY

Frederic Bastiat

THE PRINCIPLE or justification for the collective right of government is based on individual right. The common police force that protects this collective right cannot logically have any other purpose or mission than that for which it acts as a substitute. Thus, since no individual can logically or legitimately use force against the person, liberty, or property of another individual, then the common force – for the same reason – cannot logically be used to destroy the person, liberty, or property of individuals or groups.

The American Way in Economics

• EDMUND A. OPITZ

ECONOMICS deals with our daily bread, with the provisioning of our material and creaturely needs, with the way we make our living. But the way a person makes his living is related to the things he is living for; and a nation's mode of operating in the economic realm cannot be detached from that nation's understanding of the end and purpose of human life. An economic system, in other words, functions within a framework of ethical and spiritual components. It has a legal framework, also. This means that the discussion of economic concepts cannot proceed very far without invoking spiritual and constitutional concepts.

If we look back over our own history, in its religious, political, and economic sectors, we note that one key word fits each of them. The key word is "Freedom." I am willing to grant that the motives of the Pilgrims and the Puritans were mixed. But ask yourself this question: "If the Separatists had been able to worship God as they pleased, without hindrance or penalty, in England, would they have emigrated to this continent when they did – or at all?" Merely to ask this question is to get the obvious answer; the impelling motive behind the seventeenth century migrations and resettlements was the search for a place where these religious dissenters might be free to worship God as they chose. Writing about the men and women who established Plymouth colony, Alexis de Tocqueville said, ". . . it was a purely intellectual craving that called them from the comforts of their former homes; and in facing the inevitable sufferings of exile their object was the triumph of an idea."

It was the idea of human freedom under God. Now, candor compels us to admit that the

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Puritan idea of freedom contained some blind spots. The Dissenters sought freedom on these shores to worship God as *they* pleased; it was not their aim to establish the general condition of religious liberty where every man might worship after his own fashion. In the political realm they countenanced governmental invasions of personal liberty which we would regard today as intolerable; and in the economic sector their practices could hardly be described as free market. But despite their shortcomings in practice, these people had hold of an idea which had the power to act as a solvent of existing injustices, taboos, and ignorance. This dynamic idea was the principle of liberty. It could hardly have been otherwise, for the Puritans were children of the Reformation, and the spiritual liberty stressed by the Reformers could not help branching out into secular liberties.

A Great Religious Tradition

Let's listen to the words of Edmund Burke on this point. Burke made a great speech on Conciliation with the American Colonies and warned his hearers that the colonists were made of stern stuff. The way they all share "in their ordinary governments," he writes, "never fails to inspire them with lofty sentiments. . . . If anything were wanting to this necessary operation of the form of government, religion would have given it a complete effect. Religion, always a principle of energy, in this new people is no way worn out or impaired; and their mode of professing it is also one main cause of this free spirit. The people are Protestants, and of that kind which is the most adverse to all implicit submission of mind and opinion. This is a persuasion not only favorable to liberty, but built upon it. . . . The dissenting interests have sprung up in direct opposition to all the ordinary powers of the world, and could justify that opposition only on a strong claim to natural liberty. Their very existence depended on the powerful and unremitted assertion of that claim. All Protestantism, even the most cold and passive, is a sort of dissent. But the religion most prevalent in our northern colonies is a refinement on the principle of resistance; it is the dissidence of dissent, and the protestantism of the Protestant religion."

The Founding Fathers, in other words, were the inheritors of a great religious tradition and the American dream of a society of free men was largely a projection of that religion. This is how the original American equation got its built-in religious dimension.

Christian by Absorption

Every society is held together because its members share a common understanding of certain basic principles. There must be a consensus as to the object of ultimate concern – God. There must be some agreement as to the relation between God and man, and as to the nature of man and his proper end. There must be some agreement as to what constitutes justice, honor, and virtue. The source from which a society derives its understanding of these matters is its religion. In this sense, every society is cradled in some religion, Christian or otherwise. The culture of China is unthinkable without Confucianism; Indian society is the expression of Hinduism; and Islam is composed of followers of Mohammed.

In like fashion, our Western culture stems from the Judeo-Christian tradition; we are a branch of Christendom. As one of our editorial writers has said, "The United States is not Christian in any formal sense, its churches are not full on Sundays, and its citizens transgress the precepts freely. But it is Christian in the sense of absorption. The basic teachings of Christianity are in its bloodstream. The central doctrine of its political system – the inviolability of the individual – is the doctrine inherited from 1900 years of Christian insistence upon the immortality of the soul. Christian idealism is manifest in the culture and habits of the people. . . . The American owes all this to the Church . . . He owes it to the leadership the Church provided in the founding, settlement, and political integration of his incredibly bounteous land." (*Fortune*, January, 1940)

In short, our institutions and our way of life are intimately related to the basic dogmas of the Christian religion. From this faith we derive our notions of the meaning of life, the moral order, the dignity of persons, and the rights and responsibilities of individuals. Ours is a Christian society, with its counterpart in a secular political state.

And this religious heritage, to put the matter briefly, spells out into personal liberty in the political and social spheres. The God who gave us the freedom to accept or reject Him certainly intends us to be free in our relations with other men. People who believe this will, when they come to draft the fundamental rules for the governing of a society, design a political structure severely limited in scope. They will limit government so as to unshackle the productive and creative energies of men. Government will keep the peace by restraining those who disturb it.

The men who drafted the Constitution did not design a streamlined political structure. James Madison and the others had been once burnt by government, and they were twice shy. They created a political structure in which the national government was to be internally self-governed by three separate but balanced powers, and the several states were to retain their original sovereignty in order to act as a counterpoise to the central authority. This entire political equilibrium revolved around the sovereign individual; the only excuse for government was to secure him in his rights. The Founding Fathers knew that a free government implies an unfree people, so in the interests of personal liberty they pinned down their government to strictly limited, defined, and delegated functions. The words "no" and "not" employed in restraint of governmental power occur 24 times in the first seven articles of the Constitution and 22 more times in the Bill of Rights.

The Realm of Economics

So far, I have had little to say about economics, as such. The omission is deliberate, and the reason is this: An economic system does not have to be constructed; establish the proper spiritual and constitutional framework and an economic order will construct itself. In this respect, an economic order is somewhat analogous to a crystal. Not even the most skilled chemist could build up a crystal by adding molecule to molecule; but almost anyone can set up the conditions under which a crystal would construct itself. Remember how you made rock candy, by preparing a saturated sugar solution, and then into this clear thick liquid a piece of string was dipped on which the sugar crystals formed. Something of this sort happens in human affairs in the realm of economics, but to understand this we'll have to examine the nature of economic activity and the human purposes this serves.

Economics is the realm of business, industry, and trade. On the surface, economics deals with prices, production, exchange, and the operations of the market place as a reflection of our buying and consuming habits. Fundamentally, however, economics is concerned with the conservation and stewardship of the earth's scarce goods. At the basic level, there are four such goods. One is human energy. A man can put forth just so much work before exhaustion demands rest and repair for his body, and as a result men devise labor-saving devices. A second scarce good is time – the thing that's always running out on us. A third is material resources – iron ore, wood

pulp, living space, and so on. The fourth is natural energy, such as is found in a waterfall. These goods-in-short-supply are our birthright as creatures of this planet. Use them wisely, as natural piety dictates and common sense confirms – that is, providently and economically – and human well-being results.

As a result of economic activity, using and combining these four scarce goods, we get the bewildering variety of goods in today's markets – houses, automobiles, foodstuffs, entertainment, dental services, round-the-world trips and so on. Relative to the demand for these things, they are scarce –else they wouldn't be economic goods! Every day we are faced with the necessity of choosing between two or more things we want, knowing that if we buy this we must do without that. We work at some job or other, and are paid for our efforts, which enables us to buy things to satisfy our most urgent wants. The net result of this kind of individual action in society is that scarce goods are allocated efficiently.

Economic activity in a healthy society is in the realm of means, being somewhat analogous to digestion in a healthy individual. A person has aims for his life which far transcend the processes by which his body is maintained; but if these processes begin to falter and work badly, his attention is drawn away from his life's goal and begins to focus on them instead. He becomes a hypochondriac. Given other circumstances he may become a glutton. In any event, he has idolatrously erected means into ends, to the detriment of both means and ends.

Economic activity, too, may become an end in itself for a person whose life lacks more worth-while goals, or even for a society when its value system is scrambled. It is up to a society's religious institutions to keep its value system in repair; and if they fail to respond with new duties to meet new occasions, it is inevitable that the false gods will take over. Then we may have what Albert Jay Nock decried as "economism" – the doctrine that the whole of life consists in the production, exchange, and consumption of things.

Beyond Basic Needs

All creatures take the world pretty much as they find it, except man. Man alone has the gifts which enable him to entertain an idea and then transform his environment in accordance with it. He is equipped with needs which the world as it is cannot satisfy. Thus he is compelled to alter and rearrange the natural order by employing his energy on raw materials so as to

put them into consumable form. Before he can do much of anything else, man must manufacture, grow, and transport. His creaturely needs man shares with the animals, but he alone employs economic means — tools and capital — to satisfy them. This is an enormous leap upward, for by relying on the economic means man becomes so efficient at satisfying his bodily hungers that he gains a measure of independence from them. When they are assuaged, he feels the tug of hungers no animal ever feels: for truth, for beauty, for meaning, for God.

It conveys something like a half truth and a whole error to label man a spiritual being. He is, in fact, a spiritual being who eats, feels the cold, and needs shelter. Whatever may be man's capacities in the upper reaches of his nature — to think, dream, pray, create — it is certain that he will attain to none of these unless he survives. And he cannot survive for long unless he engages in economic activity. At the lowest level economic action achieves merely economic ends: food, clothing, and shelter. But when these matters are efficiently in hand, economic action is a means to all our ends, not only to more refined economic goods but to the highest goods of the mind and spirit. Add flying buttresses and spires to four walls and a roof, and a mere shelter for the body develops into a cathedral to house the spirit of man.

The Human Situation

There are three schools of thought as to man's economic nature and needs. First there are the economic determinists, who argue as if man were merely a soulless appendage to his material needs. For them, the modes of production at any given time decree the nature of man's institutions, his philosophies, and even his religions. Economics, under this dispensation, will be a tool of the state. On the opposite side of the fence is a school of thought which appears to regard it as a cosmic calamity that each soul is sullied by connection with a body which must be fed and kept warm. Spiritual purity will not be attained until there is deliverance from this incubus; but until that happy day, let us try to forget that man has creaturely needs which only the products of human labor can satisfy. Nothing in this scheme to dispose men to pay any attention to economics! But there is a third way.

The mainstream of the Judeo-Christian tradition is characterized by a robust earthiness which makes it as alien to the materialism of the first of the above alternatives as to the disembodied spirituality of the second. Soul

and body are not at war with each other, but are parts of our total human nature. It is the whole man who needs to be saved, not just the soul. Creaturely needs are, therefore, legitimate; and being legitimate they sanction the economic activities by which alone they can be met.

Such an understanding of the human situation prepares us to accept the idea that economics is a discipline in its own right, governed by its own natural laws. This tradition also makes it plain that economic action is in the realm of means, and thus properly subject to noneconomic criteria. These noneconomic criteria are supplied by our religion, which deals with the meaning and purpose of this earthly life, and the destiny of man beyond it. When men have a lively sense of the spiritual dimension of their lives, they are in a good position to cope with the problems posed by the political and economic sectors; but when there is an erosion of spiritual values, the malaise here will be reflected at the social level.

There Is No Alternative to the Free Market Economy

I have been discussing the significance and some of the earmarks of economic life in a free society – a free society being one which limits its government by a written constitution to certain delegated functions. But are there not, some might ask, alternatives to the free market, private property economy? What about socialism, or the planned society? The answer to these questions is that there are many ways to liquidate an economy, but there is only one way to produce economic goods. There are no genuine alternatives to the free market economy. Every so-called alternative depends upon political redistribution. Political interventions in the economy deprive some people of what they produce for the assumed benefit of other people. This is to commit an injustice, and, of course, it diminishes production.

There is only one way for mankind to live and improve its economic circumstances, and that is by applying its energies to nature and nature's products. Goods are produced in this way and in no other. But once produced, the goods of some men may be acquired by other men through political manipulation. Every variety of socialism rests upon this practice. Let government perform this service and the trek to Washington is on. Once on, it will grow in geometric progression as group after group organizes to apply political pressure to get something for nothing; organized labor, the

farm bloc, veterans, regional groups, educationists, the aged, and others.

Business and industry, strictly speaking, have to do only with the deploying of economic factors and resources – somebody making something, transporting it, exchanging it. A businessman or industrialist, pursuing his aims as an entrepreneur, seeks to turn a profit. The appearance of a profit indicates that his talents are being employed in a manner approved by a significant number of people. Absence of a profit, on the other hand, ought to be his clue that people are instructing him to go into some other line. So long as a man produces and sells things people want at a price they are willing to pay, he operates according to the rules of economics. The vast majority of our millions of business enterprises are conducted in this fashion. All that is necessary to keep this operation going is for the law to inhibit and penalize cases of theft, fraud, and violence.

Freedom Costs

Something like this was the dream of classical Liberalism. It was what Adam Smith had in mind when he spoke of "the liberal plan of equality, liberty, and justice."

Classical Liberalism meant freedom: freedom to write and speak, freedom to worship and teach, and, most neglected freedom of all, freedom of economic enterprise, i. e., consumer sovereignty in the market place. A believer in free speech accepts this principle even though he is fully aware that its exercise will result in campaign oratory, socialist tracts, uplift drivel, pornography, public relations prose, modern poetry, and the "literature" of a beat generation. The defender of free speech recognizes these things as corruptions of the divine gift of communication, but they are part of the price he is willing to pay for freedom. Freedom costs, and thus it cannot endure among a people who do not understand this or, if they do, are unwilling to incur these costs.

Acceptance of the principle of economic liberty means that the consumer has a right to demand, and the producer a right to supply, any item which does not injure another – as injury is defined in laws against assault, theft, and fraud. This means that poor taste and doubtful morals will find expression here just as they do in the kindred fields of speech and religion. A rock-and-roll performer will ride around in a pink Cadillac while a symphony orchestra has to beg for funds. A race track will be built

where common sense would dictate a playground. People refuse to buy mere transportation; they want a chariot with lots of chrome, tailfins, and three hundred horses under the hood.

Freedom costs, and the costs of freedom in the areas of speech, press, worship, and assemblage are generally acknowledged by a significant number of articulate people. These freedoms are not under assault – not in this country, at any rate. In the case of economic freedom, the situation is different. Few people mistake the abuses of free speech for the principle itself; but the abuses of economic liberty loom so large in the modern eye that it cannot detect the market principle of which they are violations.

And Government Must Be Limited

Freedom, in sound theory, is all of a piece. It hinges on properly limiting government. A society may be called free when its government does not dictate matters of religion and private conscience, does not censor reading material, curb speech, nor bar lawful assemblage. But mere paper guarantees of these important freedoms are worthless if there is governmental control and bureaucratic planning of economic life. The guarantee of religious freedom is worth little if the devotees are denied the economic means to build their temples, print their literature, and pay their spiritual guides. How meaningful is freedom of the press if there are no private means to buy paper and presses? And there is no full right to assemble if buildings, street corners, and vacant lots are government owned. "Whoso controls our subsistence controls us."

If government is properly limited, men are free. In a free society a certain pattern of economic activity will be precipitated. This pattern will change constantly. It will respond as men have less or more political liberty. It will be modified as technology advances, taste is refined, and morals improve. Properly speaking, the economic pattern of a free society is capitalism, or the market economy. Under capitalism the people are economically free, exercising control over their own subsistence, and thus they become self-controlling in other freedoms as well. ◈

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Business and

ONE WAY to convey some of the flavor of my "position" or "ideology" is to give you a few quotations that I use frequently because they seem to me both amusing at a superficial level, and at a deeper level to reflect important truths. I'll mention three, and leave you to figure out their relation to government and business.

First, there is the saying attributed to a popular nineteenth century American humorist that "What you don't know won't hurt you, it's knowing so darned much that ain't so."

Second, there is Murphy's Second Law of Social Dynamics. This states that "If you just let well enough alone, things will go from bad to worse."

Third, a great deal of what is accepted as factual knowledge in present-day orthodox economics has about the same basis in fact as the conclusion of a certain bank teller, who reported that a bundle of dollar bills contained exactly one hundred bills, as labelled. The way the teller reached that conclusion was by counting some of the bundle. He started out "1, 2, 3, 4." After a while he got to "33, 34, 35." Then he came to "65, 66, 67, 68." But there he stopped, saying, "Shucks, if it's right this far, it must be right all the way."

Now I'll admit that it is going to take more time than you have right now to figure out what those stories imply about my position and ideology. Let me suggest that you forget them for now and try to figure them out later. In the meantime I'll try another approach – also indirect, but at least different. I'll thrash around for some labels that I think have some meanings, at least to some people, at least sometimes, that might apply to me, at least approximately.

One such label would be "Manchester Liberal." Another would be "Chicago Conservative." In accepting the term "liberal," however, I want to hasten to refer you to its root meaning of liberty and freedom. I would reject the label "liberal" in its common contemporary usage, which is roughly equivalent to "collectivist," "socialist," "statist," or "mercantilist."

Dr. Wallis is President of the University of Rochester. This is a slight condensation of his remarks of February 18, 1964 at the University of Minnesota Symposium on Great Issues in Government.

Government

W. ALLEN WALLIS

Similarly in accepting the label "conservative," I would hasten to emphasize its root meaning in preserving. I would reject the meaning now coming to be accepted of "reactionary," "authoritarian," "fascist," or "elite-ist." What I would emphasize is not conserving the status quo and protecting existing interests, but conserving the forces of progress, which are liberty and individualism. In other words I am a conservative in the sense that I want to preserve liberalism.

Opinions in the Twenties

Some things have changed a lot since the twenties. Some things have stayed the same. Nothing in the 1960's is more like the 1920's than the views people have about government and business. The only difference is an overwhelmingly important one practically. Now, *most* people say the things, and politicians pursue the policies, that were confined in the twenties to social scientists, novelists, historians, journalists, ministers, and teachers – to opinion leaders, in short.

The prevailing climate of opinion among these opinion leaders was, to put it rather baldly, that business is evil, inhuman, degrading, and corrupt, and that businessmen are malefactors, robbers, war-makers, and boors. No one, as far as I know, ever stated it that bluntly; but that is the common denominator that ran through the novels, the sermons, the essays of journalists, the plays, the cartoons, and the teachings of sociologists, political scientists, and historians. (Note that I omit economists; their views on economics have always been out of step with the views of other social scientists, as well as out of step with the intellectual fashions of the day.)

Some of the more thoughtful and scholarly members of the intelligentsia of the twenties and thirties (they referred to themselves as "intelligentsia" before they thought of the less pretentious designation "eggheads") published research studies in which they purported to show:

– that we had an "economy of abundance" (a phrase that played the role in the early thirties that "affluent society" played in the late fifties) in which old-fashioned scarcity economics had no

useful role – was, in fact, misleading;

– that we were controlled by "America's sixty families";

– that the principal cause of war is munition makers who idiotically delight in stimulating consumption of their product;

– that the American economy was built by "robber barons";

– that our natural resources had been wastefully ravaged and despoiled;

– that corporation managers have become, through a "managerial revolution," a power unto themselves, beyond the reach of stockholders;

– that consumers and labor would be helpless pawns of business – "100,000,000 guinea pigs" – except for government protection;

– that the economy would fluctuate wildly without government stabilization;

– that the Great Depression of the thirties represented a collapse of the enterprise system – a "crisis in the old order";

– that government measures in the thirties ended the Great Depression;

– that there has been a "decline of competition" and a rise of monopoly;

– that wealth and income are becoming ever more tightly concentrated;

– and, going back into history, that the birth of the modern economy in the Industrial Revolution was a time of worsening conditions for the poor, for child labor, etc.

This list of a dozen or so propositions that were prevalent in the inter-war period could be extended to great length. What I want to do is not so much dispute them as to point out that each is an assertion about facts. Each can be checked by careful, painstaking, and laborious research – research more careful than that of the bank teller I described earlier, and less quick to jump to conclusions.

These Propositions Are Open to Question

Now, as a matter of fact, each of the propositions I listed has been investigated – though not with the thoroughness and replication that would be brought to bear on propositions of comparable importance in the engineering or medical sciences. Not one of the propositions I quoted is established. I will not say that any of them has been proved false, because all that I want to argue for my present purposes is that we rest our views and our policies about government and business on purported facts that actually are not established facts.

(I may remark parenthetically that, although it is irrelevant for this discussion whether these propositions are actually false, I formed my list exclusively of propositions which I think are widely believed and which, in my judgment, are indicated by the best evidence available to be false. But I repeat: All that I claim for the purpose of this discussion is that many widely-believed propositions important for establishing policy are not in fact well enough established to justify basing conclusions or policies on them.)

But even if we accept the pseudo-facts on which so much of the case for government intervention in business rests, we still have no basis for the conclusions reached. A curious feature of the work of the inter-war period which so strongly dominates our attitudes today is that nearly all of it purports to establish only a single proposition. That proposition almost invariably is one or another of the many facets of the central proposition that our economy and society are not perfect. From that a variety of far-reaching conclusions are drawn.

Now when I was a student at the University of Minnesota, I took some courses in mathematics. One useful thing I learned is that to find out which way a function is moving, you need to know more than just one point on it. To establish that things are not perfect is not equivalent to establishing that things are getting worse; yet that is the conclusion usually drawn.

When I was a student, I also took some courses in logic. I learned that in a syllogism it takes more than one premise to support a conclusion. Even if it were established that things are getting worse, it would not follow that the government could or should do anything about it. That conclusion would require an analysis of the likely effects of the proposed remedy, an issue that is seldom raised with any seriousness.

Now why do I go into all this methodology? When am I going to tell you what the government should do about business, if anything?

The Need for Skepticism and Fresh Evidence

Well, I am not going to try to tell you *what* to think about that subject. I am going to be satisfied if I can persuade a few of you *to* think about it. What I think myself, and what I would therefore recommend that you think, runs so counter to prevailing preconceptions and patterns of thought that I would be wasting my time, except for the pleasure it might

bring to any of you who tend to agree with me.

What I ask is that you take a reasonably open-minded view—even a positively skeptical view. Examine the basis for your beliefs about the facts of our society and economy. Scrutinize the analysis by which the facts lead to the conclusions. Then check the conclusions in fresh ways, by fresh evidence.

In refraining from telling you *what* to think, and just urging you *to* think, I am influenced strongly by a personal experience. When I first went to the University of Chicago as a graduate student in 1933, I had been reading *The Nation* and *The New Republic* religiously every week for more than ten years, and believing every word in them. One day at Chicago a professor brought to class an issue of *The Nation*, and read a brief paragraph which purported to demolish the old saw that "You can't change human nature." The professor analyzed the paragraph into two propositions. First, "Human nature has changed"; second, "Therefore, human nature *can be* changed." He pointed out that the argument was a complete *non sequitur*. It was not his point that the future may not be like the past. To clarify his point let me drop human nature and take up the weather. The logic, applied to weather, becomes "This week's weather is different from last week's; therefore the present weather can be changed by next week." Then "can be changed," already a *non sequitur*, somehow comes to mean "changed in specified desirable ways by the government."

The Need for Analysis

Beyond these weaknesses of fact and logic there is another fatal flaw in most arguments for government intervention in the economy. That is the almost total failure to examine actual experience with government intervention, to see what experience shows about the kinds of problems and the methods in which government intervention is successful or unsuccessful.

Back in the 1930's, when I was studying at Minnesota, at Chicago, and at Columbia, there was perhaps more excuse than there is now for failing to analyze the record of government control, for at that time recent experience with intervention was limited. There wasn't really *much* excuse, however, because almost all human history has involved extensive government intervention, and the noninterventionist period of the nineteenth century was more or less unique. Furthermore, even in the nineteenth century noninter-

vention was only comparative; there was a good deal of experience that could have been analyzed.

But in the mid-thirties, intervention again became the prevailing policy, and now in the mid-sixties we have had more than a quarter of a century of experience that ought to be analyzed. Yet there has been no real analysis of this experience. We still operate on the faith of our fathers and grandfathers of the 1920's, a faith rooted in wrong facts and bad logic.

Examine the Record

Of course, everyone realizes in a general way that the farm program has been a mess. How many know, however, that only a few commodities are regulated, and that those that are regulated are the ones that make all the trouble? And which way does the causal relation run, if there is one? Is it because commodities are regulated that they are troublesome; or is it because commodities are inherently troublesome that they are regulated?

Since the Federal Reserve Board was established 51 years ago, has our monetary system behaved better or worse, from the point of view of cyclical stability and economic growth? Have investors been taken to the cleaners less often or less severely since the Securities and Exchange Commission was established?

Are consumers served better in states where public utility regulation is strong and effective than in states where it is weak or nonexistent?

We have tried to set minimum prices and maximum prices, minimum wages and maximum wages. What have the effects been?

Some of these questions are only now beginning to be investigated, on a small scale. One of the leaders in this effort is a former member of the Minnesota economics department, George Stigler, now president of the American Economic Association. Stigler summarized some of his tentative, preliminary judgments by giving five rules to be applied when judging what economic tasks a government can perform and what it can't. Let me summarize Stigler's five rules for you:

Rule 1. The government cannot do anything quickly.

Rule 2. When the government performs detailed economic tasks, the responsible authorities cannot possibly control the manner in which they are performed.

Rule 3. A democratic government tries to treat all citizens alike, ignoring individual differences.

Rule 4. The ideal policy from a

government's viewpoint is one with identifiable beneficiaries who each gain a lot at the cost of many unidentifiable persons, none of whom is hurt much.

Rule 5. The government never knows when to quit.

This concludes my message. I'm not trying to tell you what to think, I'm just trying to tell you *to* think. The reason I think I have so much to gain by just getting you to think is that widely accepted arguments for government intervention in the economy are largely based on erroneous views of the facts, incorrect drawing of conclusions, and complete failure to examine the record of intervention. ◈

LINCOLN on POWER

DEAN RUSSELL

AT AGE 28, Abraham Lincoln delivered perhaps the most profound speech he ever made. He was warning his audience to beware of the man with a lust for political power.

Actually, he could have been unknowingly talking about himself when he said, "Towering genius disdains a beaten path. It seeks regions hitherto unexplored . . . It thirsts and burns for distinction; and if possible, it will have it, whether at the expense of emancipating slaves or enslaving freemen. Is it unreasonable, then, to expect that some man possessed of the loftiest genius, coupled with ambition sufficient to push it to its utmost stretch, will at some time spring up among us? . . .

"Distinction will be his paramount object, and although he would as willingly, perhaps more so, acquire it by doing good as harm; yet, that opportunity being past, and nothing left to be done in the way of building up, he would

Dr. Russell is a member of the staff of the Foundation for Economic Education and Director of the FEE School of Political Economy.

set boldly to the task of pulling down."[1]

The idea advanced by Mr. Lincoln in that speech is just as true today as it always has been. Certain persons seem born with the desire to rule over others. And they will do almost anything to get to the top. Adolf Hitler was one of them. So were Al Capone and Napoleon. And many religious leaders have also instigated and directed the repressions and slaughter that are necessary to compel men to conform to the opinions of others. Kings, businessmen, generals, priests, labor leaders, elected officials – history and the daily newspapers are filled with them, large and small, highly respected and generally hated, towering geniuses and cunning thugs, all wishing to compel men to conform to their plans. They will promise anything and do anything, as long as it advances their ambitions to rule over others.

Such Power Must Be Thwarted

I do not really understand why anyone wants to force another person to conform to his viewpoint. Doubtless the psychiatrists and psychologists can explain it. I can't. I merely know that such persons exist (in the United States as elsewhere) and that I will do everything in my power to stop them. That includes this appeal to you to beware of the mass hysteria that threatens to place the fate of this nation (for any reason) in the hands of some "savior." For however necessary such action may seem at the moment (and however honorable the leader may be), the ultimate result will be disaster.

Mr. Lincoln also recognized that danger when he said, "When such an one does [spring up among us], it will require the people to be united with each other, attached to the government and laws, and generally intelligent, to successfully frustrate his designs."

The founders of this nation, from whom Abraham Lincoln derived his general philosophy, were also acutely aware of this danger. It is spelled out in various words and in various ways in the Declaration of Independence, the *Federalist Papers*, and other documents that pertain to our revolution and to the birth of the United States. Perhaps Thomas Jefferson phrased it best when he said, "In questions of power let no more be heard of confidence in man, but bind him down from mischief by the chains of the Constitution."[2]

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[1] From an address before the Young Mens' Lyceum, Springfield, Illinois, January 27, 1837. New York: Appleton-Century-Crofts, *Complete Works*, I, 46, edited by John G. Nicolay and John Hay.

[2] *Kentucky Resolutions*, 1798.

That is why the Founding Fathers deliberately constructed a most cumbersome form of government that was designed to prevent any single person or small group from gaining the power to force all of us to conform to their opinions and viewpoints, good or bad.

If We Value Freedom

True enough, this division of powers among many units of government is often inefficient and costly in an economic sense, and it is also often the source of some injustices. We could doubtless save money and increase efficiency, for example, by putting all local and state police systems under the authority of the FBI in Washington. And that solution might also decrease gangsterism and stop much of the corruption and miscarriage of justice that is uncovered from time to time in local police forces. Let us never forget, however, that the temptation to rule over others seems to be present to some degree in every one of us. That is why I am willing to pay almost any price to frustrate the designs of the ambitious genius with a desire for power, whatever his purpose.

True, he might use his power to build up instead of to tear down, to free slaves instead of to enslave free men, to feed hungry people instead of to regiment them. But the record of history is most discouraging on that point. Yet, year after year, we American people continue to permit and to encourage the increasing concentration of power in one place, Washington, D. C., and in the hands of one person, the President of the United States.

I am not here talking about the party in power. I am here talking about the power itself and the fearful temptation it offers to those who are politically ambitious. If we value freedom, we must begin to disperse that power back to the states, the local governments, and the people themselves. ◈

IDEAS ON LIBERTY

Woodrow Wilson

THE HISTORY of liberty is a history of limitations of governmental power, not the increase of it. When we resist, therefore, the concentration of power, we are resisting the processes of death, because concentration of power is what always precedes the destruction of human liberties.

DOCTORING THE BODY POLITIC

SOCIALISM, as a pure doctrine, is dead. But interventionism, its half-brother, is very much alive. The social warfare in this country has shaken down to a contest between two forces, one of which believes that a business system ought to work according to principles, and another which thinks of the economic body in terms of the human body, as something to be doped and medicined and patched and plastered to keep it going as illnesses assail it.

The politicians, of course, set themselves up as the doctors in charge of the health of the economic body. They mean well. Two of them are out with books this season: William Proxmire, the senior Senator from Wisconsin, has written *Can Small Business Survive?* (Regnery, $3.95), and Hubert Humphrey, the voluble crusader from Minnesota who nursed the Civil Rights bill to success in Congress, has come out with a tract called *The Cause Is Mankind* (Praeger, $4.95). Both Proxmire and Humphrey have capacious hearts, and many of the pills and poultices which they prescribe are of a nature to give immediate relief to the patient. But the problem of the side effects of the medicines is something that doesn't particularly concern our economic doctors. If they can keep the patient going for the present, they are willing to let the future decide whether he will live for one year, or ten, or thirty.

Of the two doctors, Senator Proxmire is the least pretentious. His book is a mixture of shrewd observations and untested conclusions. At the beginning of his book he puts his finger on one of the major difficulties which the aspiring small businessman must overcome if he is to live. "Since World War II," says Senator Proxmire, "expansion through re-

tained earnings has become more difficult, especially for small business. Higher taxes immediately take away a big chunk of the profits, while ever-soaring equipment costs demand a higher level of capital expenditure for efficient production. Without that efficiency, no businessman can compete for long . . . At the very time when business capital requirements are greatest, therefore, retained profits are minimal."

Tax Relief

Now, if this analysis is correct, as I believe it is, the solution is glaringly obvious: untax the businessman, let him retain more than minimal profits, and then watch his smoke as he plows his own money into new and efficient machines. But tax relief, which Senator Proxmire implicitly suggests on page twenty-six, is not really dealt with in *Can Small Business Survive?* until page 194 is reached. And even here the Senator is grudging. He says, "In setting priorities for federal tax relief, small business should certainly be at the top of the list. However, those who want to change the federal tax laws should be charged with showing that such changes would clearly and positively benefit small business. I would certainly not be willing to trifle with the tax laws unless there is a clear showing of substantial benefits to all within the small business community."

In between the Senator's remarks about the difficulty of building up investment funds through retained earnings in a high tax world and the grudging admission that small business should get tax relief, there are pages which assail the banking system for failing to finance small business growth. But the Senator has just got through saying that business can't very well grow if profits are "minimal." So why should the banks finance enterprises that can hardly promise much of a pay-off. The Senator's logical slip is showing.

Government Lending

Because the banks are reluctant to tie up funds "to make maturities of five years and over," Senator Proxmire wants the government to do the lending. It does some of this now. Unfortunately, says the Senator, the government is apt to put its money into such things as motels and bowling alleys, which are things that normally manage to get going without government aid. Having made out a case against the business judgment of Small Business Administration lenders, the Senator issues a ringing call to put the SBA

deeper into the banking business. The money, of course, would have to be guaranteed by the taxpayers of the U. S., which would add to the "higher taxes . . . (that) take away a big chunk of the profits" of American business.

So Senator Proxmire's interventionist type of economics circles on itself, like a snake trying to live by eating its own tail.

In between calling for medicine that has bad side effects, the Senator gives the small businessman some good advice. He tells him to take advantage of local development groups, some of which operate from private funds. He gives them good counsel about sound business training. He tells them how to discover and to attract technical brains. He has something to say about good bookkeeping.

Then, circling on himself again, he emerges as an enemy of shopping centers that give leases to chain stores. And he champions Federal "quality stabilization," which would force price maintenance on branded goods. He is against "loss leaders." Yet he praises Henry Ford for lowering the price of the automobile. For the life of me, I can't see the difference in principle between the economics of the chain store and the discount house and the economics of the Ford system of mass production. It's just a matter of cutting a nickel here and a nickel there out of the price in either case.

Humphrey's Humanitarianism

Senator Humphrey's lack of logic is even more disconcerting than Senator Proxmire's. The Senate Majority Whip is for all sorts of heart-warming things that are very much to his credit as a humanitarian. He wants to see Negroes educated to the point where they can command jobs in competition with whites. He wants to train more teachers, build more research centers, provide more hospitals, subsidize more theaters and art foundations, go in for more government lending and conservation. The bill that would be presented in the budget for all this does not seem to bother the Senator at all. For, along with proposing the millennium in "public sector" spending, the Senator is for tax cuts and for controlling inflation.

Neither Senator Proxmire nor Senator Humphrey is a villain in Holmes Alexander's *The Equivocal Men: Tales of the Establishment* (Western Islands, $4). Yet they are equivocal in their economics. If what they advocate should ever possibly work out over the long pull, I would be greatly astonished.

Mr. Alexander's own equivocators are those who let our country down little by little in this business of dealing with the threat of overseas Communism. His fictional types include columnists who advocate giving funds to foreign governments to saddle socialism on their own people, rich industrialists who try to curry favor with Khrushchev, secretaries of war and state who fail to act in time to prevent a certain wall from being built in a mid-European city or who put contested peninsulas outside of our sphere of defense, and men of science who recommend near-traitors to those who are recruiting for government agencies.

Mr. Alexander's linked cycle of short stories is not precisely a *roman à clef*. He scrambles his people well. But anyone who has lived and worked in Washington will take great pleasure in observing how Mr. Alexander has selected from reality to confect a most absorbing parable. ◈

IDEAS ON LIBERTY

Economic Intelligence

MANY accept limited government as an important national goal. But some people do not view the postwar expansion of government as being inconsistent with this goal. They say that as population and production increases, it is only natural to expect that government will grow in proportion.

This argument does not fit the facts. The truth is that government spending – federal, state, and local – has increased much more rapidly than either population or production.

The following table shows (in billions) the increases over the 16-year period (in actual, not constant dollars):

	1947	*1963*	*Increase*	*Avg. Annual Increase*
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Private national product	205.9	459.9	123.4%	5.2%
Total govt. nondefense expenditures	33.1	109.9	232.0%	8.0%
Federal govt. nondefense	22.5	61.0	171.1%	6.9%
State and local govt.	10.6	48.9	361.3%	10.2%

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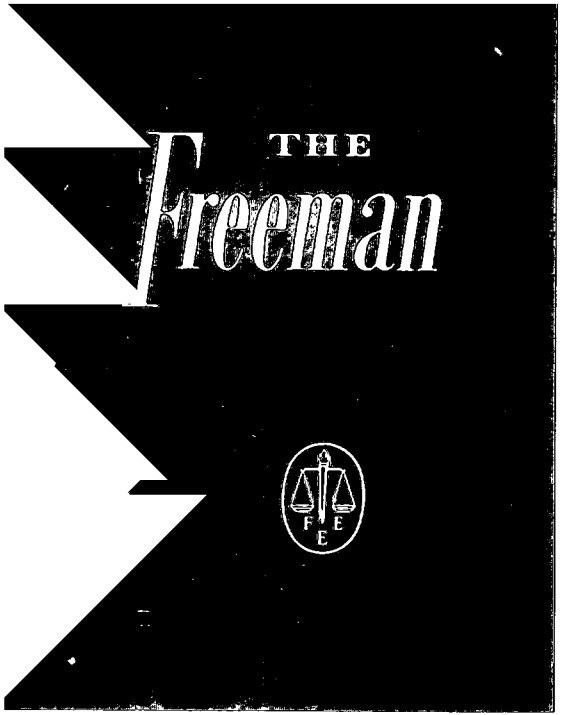

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